

D-8176

SHANGHAI MUNICIPAL POLICE.

File No.

CONFIDENTIAL
REPORT

Special Branch. *Shanghai*

Date. May 16, 1938.

Subject (in full) H. LYON - departure from Shanghai.

Made by. D. S. Hocking Forwarded by. Inspector *E. Papp*

Hyland LYON, American citizen, born 1908,
suspected of espionage on behalf of a Foreign government -
see file D.8176/37, left Shanghai for Hong Kong on May 14,
1938. aboard the s.s. "Tjibadak".

copies sent

DB **FILE** C. (Special Branch).

16/5.
P. A. to D. C. (Sp. Br.)

D.C. (C)

D. S. Hocking
D. S.



H. D.



CONFIDENTIAL

SHANGHAI MUNICIPAL POLICE.

File No.

S. I. Special Branch. *Shanghai*

REPORT

Date November 8, 1937.

Subject Mr. Hyland Lyon - American Citizen.

Made by S. S. Lockwood

Forwarded by *C. G. Gault*

Mr. Hyland Lyon, nicknamed 'Bud', was born at Houston, Texas on May 30, 1908. He was educated at a school in the same town. After graduation, he was apprenticed to the Hinner Airplane and Motor Corporation, Ltd., where he took a course in the design, construction and maintenance of aircraft and aircraft engines. Following the completion of his apprenticeship, he was given permanent employment by the same firm. During his leisure hours he took a course in flying and, on passing the necessary examination, became a qualified pilot. He is a member of the American Licensed Pilots' Association.

Approximately two years ago, he was taken on the staff of Marshal Chang Hsueh-liang as a mechanic. He arrived in Canton where he supervised the erection of an American machine bought by the Young Marshal. He occasionally acted as pilot.

Mr. Lyon resigned from this position in October, 1936, and left Sianfu for Canton. He made several unsuccessful attempts to obtain a position with the "Kwangtung Provincial Air Force." His movements hereafter are uncertain, but it is believed that he left for Manila.

He returned to Nanking via Canton at the beginning of the current year and, according to one of his friends he represented himself as a 'free lance' photographer. He has spent most of his time recently in travelling between Nanking and Shanghai. He made six trips to the capital between April 1, 1937, and August 15, 1937. When in Shanghai, Mr. Lyon resides in the Metropol Hotel, Kiangse Road.

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9 NOV 1937
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DC (C)
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- 8 NOV 1937
SHANGHAI MUNICIPAL POLICE

Noted
St. H. H.
File
DBH
D 9/11 (Sp. Br.)

SHANGHAI MUNICIPAL POLICE.

File No.

REPORT

Station,

Date.....19

Subject.....

Made by.....Forwarded by.....

- 2 -

Mr. Lyon has numerous friends among persons interested in aviation. Discreet enquiries show that he enjoys a good reputation in these circles. Some of his acquaintances express amazement at his present mode of living and are surprised at his reluctance to give details regarding his work. Unsuccessful attempts have been made to discover the person or persons, who have commissioned him to take photographs locally of a technical nature. Mr. Lyon has been known to sell scenes of the local war depicting both Chinese and Japanese activities to a number of his personal friends.

Mr. Lyon is registered at the American Consulate-General. He has made arrangements for his personal mail to be delivered in the office and personally calls for all his correspondence.

F. D. Rockwood

D. S.

D.C. (Special Branch)

DO
F. 22 F
G. 120M-11-37
No. 4037
Date Oct. 27. 1937

Confidential

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

Copy for Spl. Branch

CRIME REGISTER No: C.I. Misc. 140/37. Central Misc. 728/37. Headquarters Division.
Crime Branch Police Station.
October 27th 19 37.

Diary Number:—

Nature of Offence:—

Time at which investigation begun and concluded each day	Places visited in course of investigation each day
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RECORD OF INVESTIGATION.

Confidential enquiries made at the request of the U.S. Consular Authorities concerning the activities of Mr. Hyland Lyon (American).

Following a request made on Oct. 8th. 1937 by Mr. Edward L. Faupel, U.S. Marshall, confidential enquiries were made into the activities and antecedents of an American citizen, named Mr. Hyland Lyon, who resides at the Metropole Hotel. The initial enquiries which form the subject of a report under C. Misc. 728/37, were made by D.S.I. Tilton, attached to Central Station.

The reasons underlying this request were that Mr. Lyon was suspected of espionage on behalf of a Foreign Government as he had been caught in the act of photographing a depth charge apparatus on an American war vessel. The films seized from Mr. Lyon had been developed on board the U.S.S. "Augusta" with the result that they left no doubt that they were intended for uses other than press publication, or private collection.

Detectives attached to this office first became acquainted with Mr. Lyon during the first few days after the commencement of the local Sino-Japanese conflict. At that time he applied for emergency and curfew passes to enable him to visit the local war front for the purpose of photographing scenes of topical interest. It was surmised that he was a

*SI
Do we know
anything of him?*

27/10/37

27/10

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

Division.
Police Station.
19

Diary Number:— 1/8.

Nature of Offence:—

Time at which investigation begun and concluded each day	Places visited in course of investigation each day
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RECORD OF INVESTIGATION.

newspaper correspondent, but on being questioned he became very reticent and as he could not satisfy the officer I/c that he was a bona fide press photographer or correspondent, his application was refused.

He called several times after this, and seemed very anxious to cultivate the acquaintance of Detectives attached to this branch. During a conversation he admitted that prior to the Sian case he was employed as an air-pilot by General Chang Hsiao Liang, but was now out of employment. He produced in substantiation of this his registration card as a member of the American Pilots Association. During this conversation, possibly with the intention of proving that he was a man of some means, he pulled out from his pocket a large roll of bank notes, and transferred it to another pocket.

About the 23rd. Sept. 1937 Mr. Iyen called on the undersigned and complained that a few days previously he had taken one and a half rolls of I.S.O. films to the Eastman Kodak Coy., Yuen Ming Yuen Road for developing. These films were of scenes taken on the Whangpoo, mostly of warships, and aircraft landing on the river. On calling for them two days later he was informed that the negatives were incapable of development apparently due to his faulty manipulation of the cameras.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

..... Division.

..... Police Station.

..... 19

Diary Number:— 1/3

Nature of Offence:—

Time at which
investigation begun
and concluded each day

Places
visited in
course of
investigation
each day

RECORD OF INVESTIGATION.

Mr. Lyon on being informed of this interviewed Mr. Ruff, who at that time was acting for the Manager, Mr. O'Bolger, who was absent from Shanghai and remonstrated with him on the negative results obtained. He claimed that it was impossible for him, an expert photographer, using two new "Leica" cameras, to have made a mistake like this. Further that in view of the fact that a similar occurrence had occurred when a roll of films had been taken for development by a Mr. Morris, a United Press Correspondent, Mr. Lyon stated that it appeared as if the films had either been substituted or maliciously obliterated.

Mr. Lyon in order to convince Mr. Ruff that he was an expert photographer loaded one of his cameras with the remaining half of the film, and by using different apertures, and timing took random shots at scenes from the windows of the "Eastman Kodak Coy's" offices. This film was developed in Mr. Lyon's presence, and the results were perfect. Mr. Ruff then promised to investigate the matter, and gave an undertaking that if it was proved that his two Chinese employee's responsible for this work had either maliciously damaged or substituted the films he would instantly dismiss them. However, in view of their long, and faithful service to the Coy. he did not believe that they would jeopardise their livelihood

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

.....Division.
.....Police Station.
.....19

Diary Number:— 1/4

Nature of Offence:—

Time at which investigation begun and concluded each day	Places visited in course of investigation each day
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RECORD OF INVESTIGATION.

by resorting to act detrimental to the reputation of the Company.

The two films, together with that obtained from Mr. Morris were shown to the undersigned who in turn showed them to D.S.I. Mason of the Finger Print Bureau. As D.S.I. Mason could not give a definite opinion he called upon a Mr. Dent, photographic expert, employed by the "Lester Institute of Medical Research". Mr. Dent examined the films, and definitely stated that they had not been subjected to any chemical treatment other than that usually used in the developing of negatives.

In substantiation of his opinion in this matter he took a small piece of film, and washed in off with a solution of cyanide potassium. This totally obliterated the marks, and figures which are situated on the outer edge of the film, near the sprocket holes. In the case of the films submitted by Mr. Lyon for examination, these marks, and figures had not been interfered with, which proved that nothing stronger than the usual developing fluid had been used.

On Mr. Lyon being informed of this he stated that he was quite satisfied that the films had not been obliterated by chemical means but was still of the opinion that they might have been substituted. After due consideration of this possibility, Mr. Dent, and

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

Division.
Police Station.
19

Diary Number:— 1/5

Nature of Offence:—

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investigation begun
and concluded each day

Places
visited in
course of
investigation
each day

RECORD OF INVESTIGATION.

D.S.I. Mason stated that it was highly improbable as the part of the film alleged to have been substituted, corresponded exactly with the remaining piece of film kept by Mr. Lyon, and no discrepancy had been observed when the total length of the film was measured.

In view of Mr. Lyon's insistence that something mysterious had happened to these films it became apparent that he was not merely motivated by a sense of disappointment at losing the films, but by his inability to fulfil an assignment given to him by some other person.

At this point the undersigned gave Mr. Lyon to understand that a definite answer was required as to whether he wished the matter to be taken up officially, or not, otherwise nothing further could be done. Mr. Lyon promptly stated that he did not wish anything official to be done in the matter. The undersigned then asked him if he was in the employ of any foreign Government.

At this Mr. Lyon sharply replied that he was not in the employ of any foreign Government, and that he had never been a spy.

An ostentatious display of a large roll of Bank notes was again made when Mr. Lyon on being handed his property by D.S.I. Mason, placed same in the

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

.....Division.
.....Police Station.
.....19

Diary Number:— 1/6

Nature of Offence:—

Time at which investigation begun and concluded each day	Places visited in course of investigation each day
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RECORD OF INVESTIGATION.

envelope containing the films.

Some days later, Mr. Lyon called at H.Q.'s and introduced a Mr. Brandt, of United Press, as Correspondent to the undersigned. As Mr. Brandt required Emergency and Curfew passes as he intended to D. I. Willigoss, i/o of the Russ Office.

At the time of this introduction Mr. Lyon mentioned that he had again interviewed Mr. Huff of the "Hastman Kodak Coy:", who had advised him that the persons responsible for the film incident had been dismissed from the firm's employ.

On the termination of this conversation Mr. Lyon followed Mr. Brandt into the Russ Office and more or less associating himself with this gentleman, led D.C.I. Willigoss to believe that he was an employee of the same firm with the result that passes were issued to him. These passes however, were later recovered by D.C.I. Willigoss with the assistance of the U.S. Marshall.

On the 11th. Oct. 1937, the undersigned and D.C.I. Maklaevsky interviewed Mr. O'Boiger, Manager of the local offices of Messrs Hastman Kodak Coy:, who stated that there was absolutely no truth in the statement made by Mr. Lyon to the effect that the two persons responsible for the film incident had been dismissed from the Coy's employ. He further stated that as Mr.

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

Division.

Police Station.

19

Diary Number:— 1/7

Nature of Offence:—

Time at which investigation begun and concluded each day		Places visited in course of investigation each day	
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RECORD OF INVESTIGATION.

Lyon had demanded a written statement from the boy: showing that he had delivered the films for development it would appear that he was fulfilling an assignment when he took these pictures.

From confidential enquiries made by D.S.I. Maklaevsky it was ascertained that Mr. Lyon had been seen frequently in conversation with a Japanese in the lounge of the Metropole Hotel, and that observation was continually being kept on him by Captain Rich, alias Major Cluge, but the purpose of this surveillance is unknown. Captain Rich is believed to be in the employ of the Japanese counterespionage service.

Information was also received to the effect that about a month ago a young Japanese speaking perfect English, and posing as an employee of the United Press, frequented low class cabarets in the Rue Chu Pao San, F.C., for the purpose of purchasing snapshots from Foreign Naval ratings or scenes aboard war vessels. It is not known whether he was successful or not, but he suddenly ceased visiting this area, and has not been seen since. It has been established that there are no Japanese employees of the United Press. This may, or may not have any bearing on the activities of Mr. Lyon, but it is highly significant that he should be caught in the act of photographing the armaments of an

SHANGHAI MUNICIPAL POLICE.

CRIME DIARY.

CRIME REGISTER No:—

.....Division.
.....Police Station.
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Diary Number:— 1/8

Nature of Offence:—

Time at which investigation begun and concluded each day	Places visited in course of investigation each day
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RECORD OF INVESTIGATION.

American war vessel at about the same time that photographs dealing with like subjects were being sought by the Japanese authorities.

Mr. Ed: L. Baupel, U.S. Marshall, has been informed of the results of these investigations, and he has requested that should any further information be received that same be passed to him as soon as possible.

D.C. (Crime).

H. C. Glover
D. I.